



MINUTES
Economic Development Authority
April 19, 2022

CALL TO ORDER

The Economic Development Authority meeting was called to order at 5:33 pm.

Present: Chair: Jahn Dyvik; Board: Mike Feldmann, Charlie Miner, Gina Joyce, Sahand Elmtalab, and Tim Hultmann (arrived at 5:43 pm)

Staff Present: City Administrator/Executive Director: Scott Weske; City Clerk: Jeanette Moeller

Absent: Board: Deirdre Kvale (with prior notice)

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Miner, seconded by Feldmann, to approve the agenda. Ayes: all.

CONSENT AGENDA

The Consent Agenda consisted of:

- A. Approve Minutes of March 29, 2022 Economic Development Authority Meeting

A motion was made by Joyce, seconded by Feldmann, to approve the Consent Agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the EDA during Open Correspondence.

BUSINESS ITEMS

Continued Discussion Regarding City-Owned Property at 1905 W. Wayzata Boulevard

Scott Weske, Executive Director, gave a brief summary of discussions at the March 29, 2022 EDA meeting regarding some options for this property. He explained that based on discussion received at that meeting, staff was asked to put together an updated flyer that could be sent out to commercial real estate brokers. Additionally, EDA members were going to have conversations with brokers that they may know to see if they would have advice to offer in putting together the flyer.

Chair Dyvik stated that he had a number of conversations with commercial realtors in preparation for the meeting.

Board member Elmtalab also had been able to have a few conversations with commercial brokers, and had his team pull some comparable sales data in order to share some values with the EDA.

Chair Dyvik provided a general overview of the conversations that he has had with commercial real estate brokers, and noted that one of his contacts shared that the feedback he has been getting on this property is that it is just too small for what most people want. He had forwarded the City's draft marketing flyer to one of them and read aloud an e-mail response he had received with some

ideas on how to amend the flyer. He mentioned that another broker had recommended that the City get the property listed on MnCAR because it would be seen there by a broad range of brokers.

City Clerk Moeller noted that the input regarding the flyer was very helpful but thinks the City may need to get some help with some of the imagery that was recommended because, for example, she does not have the ability to take aerial photos.

Chair Dyvik indicated that one of the brokers had also recommended that the EDA put some money into a good sign to be posted at the property that offers options such as 'For Sale/Build to Suit/For Lease', potentially to include some architectural renderings of what could go there so people can get a sense of what it may look like. He shared some calculations he had done to see what size building and parking could fit on the site to show that a small restaurant could fit on this parcel.

Moeller commented that so far, the restaurants that have approached the City about this property have all had upwards of 100 seats, but agreed that a small scale restaurant option with limited seating certainly could work.

Chair Dyvik stated that he felt a restaurant could absolutely be a successful fit for the lot on a smaller scale and gave the example of Primo Plates & Pours which he believed only has around 50 seats. He added that he is just not sure if a smaller scale restaurant would make financial sense for someone.

The EDA discussed the possibility, if any, of the neighboring property owner selling off a portion of the land near the funeral home.

Board member Elmtalab confirmed that his feedback was kind of similar to what Chair Dyvik had received. He shared that the comparables his team had pulled for properties that were of similar size were anywhere from \$140,000 up to \$520,000. He noted that there was not anything exactly like this parcel, but properties reviewed were in commercial areas in the Twin Cities. He added that as the properties went up in size, the numbers were no longer linear but got exponentially higher. His feedback was that the City would be better off trying to get someone to buy the lot along with an adjacent property that they can combine, because it opens the doors to way more possibilities than just the small lot.

The EDA discussed additional possibilities for short term and long term use for the parcel.

Weske advised that he had also obtained quotes through Public Works Director Diercks for paving the parcel based on the EDA's idea of possibility utilizing it in the short term for parking. He indicated that one quote was around \$69,437 and another was about \$80,000.

Moeller observed that staff had not thought to ask for pricing to sod the lot in order to make it a cute little green space for downtown. She added that the sales price of \$500,000 that was included on the draft flyer was just a price that they took out of mid-air and was not really based on anything specific.

Chair Dyvik sought fellow EDA members' thoughts on the possibility of taking a price off a flyer and simply saying 'price negotiable'.

The EDA discussed what their costs for the lot have been incurred to-date and whether they need to recover all costs that have been put into the lot.

Chair Dyvik opined that it is more important to see a really good business in the location with something that is really a nice addition to the center of downtown such as a café or small restaurant.

Weske suggested a 'Long Lake Muni' and pointed out the example of something similar in downtown Wayzata that is based off of their lakeshore. He noted that it could be a City-owned and run restaurant.

The EDA discussed examples of building a structure for a tenant to lease the property.

Board member Elmtalab inquired about the taxable valuation for the property if something gets built on the site.

Weske estimated that it would be 1% for the first \$500,000 and it may be more with a building on it.

Moeller observed that she likes the idea of moving away from an RFP and trying to market the property with a flyer because the City has not really given any marketing a try yet.

Chair Dyvik stated that he is all for doing so and suggested that they follow the advice from commercial real estate brokers and edit the flyer to include more visuals and less text. He asked for opinions on listing the property on MnCAR.

Weske commented that the EDA could consider trying to retain a broker to help get the flyer to a normal commercial listing standard, get the property listed on MnCAR, and see what happens.

Chair Dyvik added that he likes the idea of including information that the contamination on the site has been remediated already.

Moeller responded that staff went back and forth about doing so in the flyer because while they need to disclose there are deed restrictions with the property, they felt the need to caution against saying the site is 'clean' as there remains a possibility additional material could be found.

Chair Dyvik reflected that he understood that hesitancy and stated that a builder also cannot dig down on the property, so perhaps that is a conversation that could happen during discussions with an interested party.

The EDA suggested some text amendments for the updated flyer.

Board member Elmtalab inquired what would happen if there was someone interested in the property with a project the EDA supported, but they did not want to own it. He asked if the City would have the ability to fund a project and then build the costs into their lease. He pointed out that the costs for a commercial kitchen for a restaurant are quite high.

Board member Hultmann noted that there are different levels of commercial kitchens.

Board member Elmtalab suggested that perhaps a barbecue spot may be possible because the kitchen costs are low.

Weske agreed that he had thought about something like that too, similar to a Cowboy Jack's that has the bar that opens up to the outside so people can walk around and have cocktails along the boulevard and use the outdoor patio.

Moeller commented that she thinks the site would be a brilliant bakery location. She reminded the EDA that they have the ability to say no to anything that comes in front of them related to this property, and noted that she thinks they should at least try to get a nibble by marketing it.

It was the consensus of the EDA to direct staff to make text amendments as suggested to the flyer, incorporate better imagery, and to investigate listing the property on MnCAR.

Board member Elmtalab suggested that the City have a conversation with the neighboring property owner to see if he may be interested in selling that piece of land if whoever bought it had a height restriction for that building. He stated that one of the reasons he may be hesitant is because he doesn't want to lose his view of the lake, so assuring him of how high something could be may ease his mind and make him more open to the idea.

Moeller replied that she will have a conversation with him to let him know what the EDA is working on and see if he is at all interested in his information being shared in this capacity.

Chair Dyvik noted that he could contact the owner of the adjacent Creek Ridge Center as well and let him know what the EDA is considering.

OTHER BUSINESS

No other business was discussed.

ADJOURN

Hearing no objection, Chair Dyvik adjourned the meeting by general consent at 6:28 pm.

Respectfully submitted,
Scott Weske, Executive Director